**14th Week Assignment**

Look at the following financial data for Hindalco. What are the major inferences that you can draw from this data given on the Balance Sheet? Calculate the major ratios and data points that you can from this data, and draw conclusions about what you infer here.



based on the consolidated balance sheet for Hindalco as of March 15th, 2015, here are some inferences and ratios that can be calculated:

**Inferences**

* **Strong Financial Position:** Hindalco appears to have a strong financial position with a significant amount of equity capital (38,329 crore) compared to total liabilities (1,02,761 crore). This indicates a low level of debt financing relative to equity financing, which is a sign of financial stability.
* **High Investment in Assets:** The company has a large investment in both current and non-current assets (1,43,139 crore) compared to total shareholder funds (38,329 crore). This suggests that Hindalco might be asset-heavy, requiring significant ongoing funding to maintain its asset base.
* **Large Cash Balance:** Hindalco has a substantial amount of cash and cash equivalents (5,309 crore). This provides a good level of liquidity to cover short-term obligations.

**Ratios**

* **Debt to Equity Ratio:** We cannot calculate this ratio because the data for total liabilities is not provided in the image. This ratio would indicate the proportion of debt financing used compared to equity financing. A lower ratio is generally considered better as it indicates a company relies less on debt.
* **Current Ratio:** Current assets (47,252 crore) / Current Liabilities (37,143 crore) = 1.27. This ratio suggests that Hindalco has enough current assets to cover its current liabilities by a factor of 1.27. This is generally considered acceptable, but not exceptionally strong.
* **Quick Ratio:** (Current assets - Inventory (18,451 crore)) / Current Liabilities (37,143 crore) = (47,252 crore - 18,451 crore) / 37,143 crore = 0.82. This ratio is more conservative than the current ratio as it excludes inventory, which is the least liquid current asset. A ratio of 1 or above is generally considered good, and 0.82 suggests that Hindalco might struggle to meet its short-term obligations if it cannot quickly sell off its inventory.

**Limitations**

* It is important to note that this analysis is based on a single year-end balance sheet and does not take trends over time into account.
* A more comprehensive financial analysis would consider the income statement, cash flow statement, and financial ratios for multiple years to get a better understanding of Hindalco's financial health and performance.

Overall, the data suggests that Hindalco is in a financially stable position with a strong equity base and ample cash reserves. However, the company also has a large investment in assets and a relatively low quick ratio, which could indicate some potential challenges with short-term liquidity.